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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
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In the Matter of

Application of Open Network
Architecture and Nondiscrimination
Safeguards to GTE Corporation

CC Docket No. 92-256

REPLY COMMENTS OF MCI TELECOMMUNICATIONS CORPORATION

MCI Telecommunications Corporation (MCI), by its undersigned counsel, hereby replies to the initial comments filed herein concerning the Commission's proposal to apply its Open Network Architecture (ONA) and related nondiscrimination rules to GTE Corporation (GTE). Virtually all of the commenters, excepting GTE, of course, agree with MCI that, to the extent ONA and related rules have any potential value, they should be fully applied to GTE. Given GTE's increased size and scope, there is

application of ONA to GTE until the pending appeal of the MFJ information service restriction is decided,^{1/} and Sprint, which argues that ONA is so dysfunctional that there is no point in applying it to GTE. Although the specific criticisms of ONA levelled by Sprint -- which also has local exchange carrier (LEC) interests -- and its discussion of the Commission's misplaced priorities are correct, MCI still believes that it would be harmful to the public interest not to bring GTE into compliance with at least the minimal ONA standards currently in force. As

GTE's nationwide scope and relative freedom from competition create opportunities to discriminate that the BOCs do not have.^{5/} There is therefore no reason to apply any lesser degree of ONA to GTE than to the BOCs.

GTE's Resistance to ONA Should be Rejected

GTE argues that, given the increased dispersal of its service area following its merger with Contel Corporation, the cost-benefit analysis that the Commission has used in the past to excuse GTE from ONA and other requirements imposed on the BOCs militates even more strongly in favor of its continued exemption from ONA. According to GTE, the costs per unit to GTE of implementing ONA would be even greater than they would have been prior to the merger with Contel, while the need for the application of ONA to GTE, and thus, the public benefits to be derived therefrom, would be even less than they would have been prior to the merger, since GTE's increased dispersal removes opportunities and the incentive to discriminate. GTE argues that its growth in size, by increasing the dispersal of its service area, therefore cuts against the application of ONA.^{6/}

Size and degree of dispersal, however, are two different concepts. There is no reason that the Commission could not decide that the increase in GTE's size and scope of operations

^{5/} Comments of Independent Telecommunications Network, Inc. (ITN), at 6-10.

^{6/} GTE's Comments at 15-32.

warrants a reversal of its past excusal from ONA, notwithstanding its increase in geographic dispersal. The necessity for nationwide, relatively uniform ONA rules, and the concomitant need to close a large gap in the coverage of those rules, justifies even the increased cost of implementation that GTE claims will result from its greater dispersal following the merger.

Although the geographically spread-out nature of GTE's service area is the basis for its claim of disproportionate costs and other burdens if it is required to implement ONA, a dispersed service area was not considered a sufficient reason to justify exemption from the burdens imposed by the Expanded Interconnection Order.^{7/} All Tier 1 LECs, including GTE, must provide expanded interconnection to alternative access providers throughout their service areas.^{8/} Similarly, there is no reason to excuse the largest LEC from the burdens of ONA.

GTE also ignores crucial factors in claiming that its relatively dispersed service area lessens the need for, and thus any potential benefits from, the application of ONA and other nondiscrimination rules. As Independent Telecommunications Network, Inc. (ITN) points out, the nature of GTE's nationwide internal signalling network technology is such that its dispersal facilitates, rather than impedes, anticompetitive and

^{7/} Expanded Interconnection with Local Telephone Company Facilities, CC Docket Nos. 91-141 and 92-222, FCC 92-440 (released Oct. 19, 1992).

^{8/} Id. at ¶¶ 47-58.

discriminatory behavior. According to ITN, with respect to SS7 services, the ability to act as a "hub" provider, with facilities (i.e., signal transfer points) in every region, makes GTE's services extremely attractive to an enhanced service provider (ESP) who could utilize SS7 technology as a platform for delivery of services on a nationwide basis.^{9/}

ITN also points out that GTE's largely suburban and rural presence insulates it from effective competition, since competitive access providers and ESPs are drawn largely to urban markets. The absence of such competitive pressures will make cross-subsidization and discrimination both easier and more likely.^{10/} All of these factors more than make up for whatever "advantages" over GTE the BOCs may enjoy with regard to their technical coordination through Bellcore,^{11/} regulation by fewer states than GTE^{12/} or more contiguous service areas.

GTE also fails to advance its case by reciting its efforts to live up to "the spirit of" ONA.^{13/} If such arguments ever carried any weight, there would be no ONA, or any regulation, for that matter. To the extent GTE is already meeting most of the

^{9/} ITN Comments at 5-7.

^{10/} Id. at 8-10. GTE's relative insulation from effective competition also rebuts its argument, at pages 8-15 of its Comments, that increasing access competition decreases any need for ONA, especially as applied to GTE.

^{11/} See GTE's Comments at 27-28.


^{12/} Id. at 28-30.

^{13/} Id. at 40-71.

ONA and related nondiscrimination rules, full application imposes no significant burden; if it is not meeting certain of those requirements, they need to be imposed. As minimal as the current ONA and related nondiscrimination standards are, they are at least more stringent than GTE's compliance with what it regards as the spirit of ONA. The Voice-Tel complaint^{14/} and actions cited in ATSI's Comments demonstrate that "the spirit of" ONA is even weaker than ONA itself. Balancing the potential public injury from GTE's continued excusal from the ONA requirements against the nominal costs of compliance, the Commission should fully apply ONA and the related nondiscrimination rules to GTE.

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^{14/} See MCI Comments at 6-7.

CERTIFICATE OF SERVICE

I, Karen Dove, do hereby certify that copies of the foregoing
REPLY COMMENTS have been mailed this 24th day of March, 1993, by first-
class mail, postage prepaid, to the parties on the attached service list.

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